UNITED NATIONS

A

General Assembly

Distr.
GENERAL

A/46/622
11 November 1991

ORIGINAL: ENGLISH

Forty-sixth session
Agenda item 72

UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST

Report of the Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

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CONTENTS

		Paragraphs	Page
I.	INTRODUCTION	1 - 8	2
	A. Origin and background of the Working Group	1 - 3	2
	B. Consideration of the report of the Working Group at the forty-fifth session of the General Assembly	4 - 8	2
II.	ACTIVITIES OF THE WORKING GROUP DURING 1991	9 - 10	3
III.	FINANCIAL SITUATION OF THE UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST .	11 - 14	3
IV.	CONCLUDING REMARKS	15 - 20	5

I. INTRODUCTION

A. Origin and background of the Working Group

1. The Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established by the General Assembly under resolution 2656 (XXV) of 7 December 1970 to study all aspects of the financing of the Agency. In the resolution, the Assembly requested the Working Group to assist the Secretary-General and the Commissioner-General of UNRWA in reaching solutions to the problems posed by the Agency's financial crisis.

2. At the twenty-fifth and succeeding sessions, the General Assembly considered the reports submitted to it by the Working Group, 1/ and adopted resolutions commending the efforts of the Working Group and requesting it to continue them for a further year. 2/

3. The Working Group consists of the representatives of France, Ghana, Japan, Lebanon, Norway, Trinidad and Tobago, Turkey, the United Kingdom of Great Britain and Northern Ireland and the United States of America. The Chairman of the Working Group is Mr. Mustafa Aksin of Turkey.

B. Consideration of the report of the Working Group at at the forty-fifth session of the General Assembly

4. The report of the Working Group on its activities in 1990 3/ was considered by the General Assembly at its forty-fifth session under agenda item 74, entitled "United Nations Relief and Works Agency for Palestine Refugees in the Near East". At its 3rd plenary meeting, on 21 September 1990, the Assembly decided to include this item in its agenda and to allocate it to the Special Political Committee, which considered it at its 5th, 6th, 7th and 22nd meetings, on 29 and 30 October and 1 and 26 November 1990.

5. At the 22nd meeting of the Committee, on 26 November 1990, the representative of the Netherlands introduced a draft resolution entitled "Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East" (A/SPC/45/L.6), sponsored by Austria, Bangladesh, Canada, Denmark, Germany, Indonesia, Malaysia, the Netherlands, New Zealand, Pakistan, the Philippines, Spain, Sweden and Yugoslavia.

6. Under the terms of the draft resolution, the General Assembly would:

(a) Commend the Working Group for its efforts to assist in ensuring the Agency's financial security;

(b) Take note with approval of the report of the Working Group;

(c) Request the Working Group to continue its efforts, in cooperation with the Secretary-General and the Commissioner-General of UNRWA, for the financing of the Agency for a further period of one year;

(d) Request the Secretary-General to provide the necessary services and assistance to the Working Group for the conduct of its work.

7. At its 22nd meeting, on 26 November 1990, the Special Political Committee adopted the draft resolution without a vote.

8. At its 65th plenary meeting, on 11 December 1990, the General Assembly considered the draft resolution regarding the Working Group, which had been recommended by the Special Political Committee together with other draft resolutions under this item. On 11 December 1990, the Assembly adopted the draft resolution without a vote as resolution 45/73 B.

II. ACTIVITIES OF THE WORKING GROUP DURING 1991

9. Throughout the year the members of the Working Group have followed with concern the difficulties experienced by the Agency and in particular the serious financial situation it continued to face. The Working Group held three meetings on 12 September, 18 October and 7 November 1991 to consider the recent developments in the Agency's financial situation and to prepare its report to the General Assembly. The Working Group adopted its report at its meeting on 7 November 1991.

10. At its meeting on 12 September 1991, the Working Group heard the Comptroller of UNRWA who submitted an up-to-date report on the financial situation of the Agency. The Working Group gave further consideration to the Comptroller's report at its meeting on 18 October 1991 (see sect. III below).

III. FINANCIAL SITUATION OF THE UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST

11. UNRWA received sufficient funds in 1990 to implement its regular programmes in basic accordance with established plans. By the end of the year, the Agency showed a small increase of $2.7 million in its working capital of the General Fund, an increase which was, however, largely counterbalanced by an increase in the negative balance on its account for Funded Ongoing Activities. This meant that the Agency was capable of maintaining its financial position at about the same level throughout the year of 1990. UNRWA's expenditure on its regular programme in 1990 amounted to $230 million. Exceptionally in 1990, the Agency's financial situation permitted the allocation of funds sufficient to implement the year's entire construction budget. At the end of 1990, the Agency's working capital reserve amounted to some $31.7 million. This amount is equivalent to expenditure on the Agency's regular operations for a period of only about six weeks at the level budgeted for 1992. By the end of 1990, there were no more funds

available to cover cash expenditures for the base programme of Extraordinary Measures in Lebanon and the Occupied Territory (EMLOT), which is funded from special contributions.

12. Present indications are that the Agency will receive sufficient income to finance the essential part of its regular programme throughout 1991, although the construction budget, which was completely funded and implemented in 1990, is still showing a shortfall in funding for 1991 amounting to about $4.5 million. In addition to EMLOT, the Agency continues to have two other emergency-related programmes aimed at alleviating the situation of refugees in Lebanon and in the occupied territories of the West Bank and the Gaza Strip: the Expanded Programme of Assistance (EPA) and the Gaza Hospital Fund. During the first half of 1991, sufficient contributions were received to secure the funding of EMLOT at its current annual cash level of some $17 million, which finances the provision of additional medical and relief services, as well as other forms of general assistance, in Lebanon and in the occupied territories of the West Bank and the Gaza Strip. The fund for EPA, which was established in 1988 to finance a $65-million programme of infrastructural improvements, especially in the camps, has received contributions and pledges of some $36 million. Finally, cash contributions to the Gaza Hospital Fund, which was established in 1990 to finance the construction, equipping and first three years' running costs of a badly needed 200-bed general hospital in Gaza, are at present estimated at some $3.5 million, although current discussions with a major donor indicate that the total construction costs will soon be funded, leaving a funding shortfall in the order of $20 million.

13. Starting in 1992, the Agency is adopting a biennial budget process, in conformity with the rest of the United Nations system. The Agency's total regular budget for the biennium 1992-1993 amounts to some $572.0 million. 4/ The budget for the regular programme in 1992 is estimated at $277 million, of which $14 million is earmarked for capital projects and some $30 million is expected to be received in kind, mainly in the form of food commodities. As always, the budget is constructed on the basis of a number of assumptions relating to salary levels, prices and exchange rates.

14. Because of changed conditions brought on by the accelerated economic deterioration in the countries of the Near East and other factors, including the after-effects of the Persian Gulf crisis, the Agency is reviewing its emergency-related programmes with a view to incorporating additional measures aimed at alleviating the economic distress of the refugees. Current developments in the peace process may lead to an improvement in the situation in the long run. However, with the <u>intifadah</u> continuing and socio-economic conditions worsening, it appears certain that the services provided under the EMLOT programme will continue to be needed beyond 1991. It is expected that the cash portion of the EMLOT budget, excluding in-kind food for displaced and needy refugees, will be at least $15 million in 1992. As part of EPA, UNRWA is initiating small-scale income-generation projects designed to enable refugees to become self-supporting, not only in the occupied territories but also in the other fields of operation, and the Agency may therefore have to

seek additional funding. As noted above, the EPA and Gaza Hospital Funds remain undersubscribed. In summary, in addition to the need to obtain contributions to finance its regular budget of $263 million for the General Fund and Funded Ongoing Activities, as well as to finance the $14 million portion of the regular budget for capital and special projects, the Agency requires about $15 million in cash to finance extraordinary measures in Lebanon and in the occupied territories of the West Bank and the Gaza Strip, a further amount in the order of $30 million to complete funding of the original EPA, as reoriented to include an as yet undetermined amount for the funding of income-generation projects in all five fields, and an amount of $20 million remaining to be secured for the Gaza Hospital Fund.

IV. CONCLUDING REMARKS

15. The Working Group is pleased to note that UNRWA received sufficient funding to deliver the essential parts of its programmes in 1990 and expects to do so again in 1991. It expresses its appreciation to donors, especially to those who increased their contributions, for making this possible. It notes with concern, however, the difficulties experienced in maintaining the required level of contributions to sustain the EMLOT programme and that the EPA Fund and the Gaza Hospital Fund are still undersubscribed.

16. The Working Group commends the Commissioner-General and his predecessor for their fund-raising efforts. These include regular visits to donor countries, as well as informal meetings at Vienna with major donors and others, to explain the Agency's programmes and to discuss its problems. The Commissioner-General has thus maintained and strengthened the relationship between UNRWA and its donors, which is indispensable if it is to surmount the very difficult problems it faces in sustaining financial support.

17. The Working Group shares the Commissioner-General's concern about the funding prospects for 1992. The Agency's expenditure in its regular programme is once again expected to increase by 5 per cent in order to meet the needs of a growing number of beneficiaries, especially school children, and to cover unavoidable increases in prices and staff salaries. While the Working Group is confident that the Commissioner-General will continue to keep a close watch on expenditures and to improve administrative efficiency, it seems inevitable that an increase in contributions will be necessary to cover expected expenditure on the regular programme. The Working Group is particularly concerned at the state of funding for the emergency-related programmes financed under EMLOT, EPA and the Gaza Hospital Fund. There can be no doubt that these programmes are vital to the well-being of the refugee population and others in need in Lebanon, the West Bank and the Gaza Strip and that their discontinuance or any reduction in them could have disturbing humanitarian and political consequences. The Working Group also notes the additional needs of the refugees resulting from the deterioration of socio-economic conditions in the area in the aftermath of the Gulf war and commends the Agency for the response it has already made as well as for the measures it plans for the future to help meet these new needs. Inevitably, however, these new

initiatives will place an even greater burden on resources which will require special fund-raising efforts and generous responses from the international community.

18. The Working Group therefore strongly urges all Governments to bear in mind the foregoing considerations when deciding upon the level of their contributions for 1991. In particular it urges that:

(a) Governments that have not yet contributed to UNRWA should start to do so;

(b) Governments that have so far made only relatively small contributions should increase their contributions;

(c) Governments that in the past have made generous contributions to UNRWA should continue to do so and should strive to increase them;

(d) Governments should consider making special contributions in support of the emergency-related programmes in Lebanon and in the occupied territories of the West Bank and the Gaza Strip that would not affect their contributions to the regular programme;

(e) Governments should consider making special additional contributions for construction projects that would not affect their contributions to the regular programmes.

19. The Working Group also suggests that consideration be given to holding an International Information Day on UNRWA to make the Agency better known throughout the international community, with the aim of broadening the base of financial support. It goes without saying that the better a programme is known among legislators, administrators, non-governmental organizations and by the community within a country, the easier it is for a Government to make budgetary provision for a contribution at an appropriate level.

20. The Working Group also notes that the burden of supporting UNRWA continues to be borne by only a relatively few countries and emphasizes the need to make special efforts to broaden the base of financial support. In this connection, it suggests that the wealthier Governments in the region should be encouraged to increase the level of their contributions.

Notes

1/ Official Records of the General Assembly, Twenty-fifth Session, Annexes, agenda item 35, document A/8264; ibid., Twenty-sixth Session, Annexes, agenda item 38, document A/8476; ibid., Twenty-seventh Session, Annexes, agenda item 40, document A/8849; ibid., Twenty-eighth Session, Annexes, agenda item 43, document A/9231; ibid., Twenty-ninth Session, Annexes, agenda item 38, document A/9815; ibid., Thirtieth Session, Annexes, agenda item 54, document A/10268 and A/10334; ibid., Thirty-first Session, Annexes, agenda item 53, document A/31/279; ibid., Thirty-second Session, Annexes, agenda item 55, document A/32/278; ibid., Thirty-third Session, Annexes, agenda item 50, document A/33/320; ibid., Thirty-fourth Session, Annexes, agenda item 50, document A/34/567; ibid., Thirty-fifth Session, Annexes, agenda item 53, document A/35/579; ibid., Thirty-sixth Session, Annexes, agenda item 60, document A/36/615; ibid., Thirty-seventh Session, Annexes, agenda item 65, document A/37/591; ibid., Thirty-eighth Session, Annexes, agenda item 73, document A/38/558; ibid., Thirty-ninth Session, Annexes, agenda item 75, document A/39/575; ibid., Fortieth Session, Annexes, agenda item 79, document A/40/736; ibid., Forty-first Session, Annexes, agenda item 79, document A/41/702; ibid., Forty-second Session, Annexes, agenda item 79, document A/42/633; ibid., Forty-third Session, Annexes, agenda item 76, document A/43/702; and ibid., Forty-fourth Session, Annexes, agenda item 74, document A/44/641.

2/ Resolutions 2791 (XXVI) of 6 December 1971, 2964 (XXVII) of 13 December 1972, 3090 (XXVIII) of 7 December 1973, 3330 (XXIX) of 17 December 1974, 3419 (XXX) of 8 December 1975, 31/15 C of 23 November 1976, 32/90 D of 13 December 1977, 33/112 D of 18 December 1978, 34/52 D of 23 November 1979, 35/13 D of 3 November 1980, 36/146 E of 16 December 1981, 37/120 A of 16 December 1982, 38/83 B of 15 December 1983, 39/99 B of 14 December 1984, 40/165 B of 16 December 1985, 41/69 B of 3 December 1986, 42/69 B of 2 December 1987, 43/57 B of 6 December 1988 and 44/47 B of 8 December 1989.

3/ Official Records of the General Assembly, Forty-fifth Session, Annexes, agenda item 74, document A/45/645.

4/ Ibid., Forty-sixth Session, Supplement No. 13 (A/46/13/Add.1).